

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON IMMEDIATE

S E C R E T STATE 240693

EXDIS

E.O. 11652:GDS

TAGS: PFOR, PINR, PINT, EGEN, JM

SUBJECT: THE MATALON PROPOSALS

FOR THE AMBASSADOR FROM ASSISTANT SECRETARY ROGERS

REF: KINGSTON 3770

1. AS YOU ARE AWARE, MATALON BECAME HOSPITALIZED SHORTLY AFTER ARRIVAL IN US AND DID NOT HOLD ANTICIPATED CONSULTATIONS WITH US. AS MATTERS STAND, WE HAVE HAD ONLY A PRELIMINARY SOUNDING THROUGH YOU OF MATURING GOJ IDEAS ON HOW TO DEAL WITH FISCAL DIFFICULTIES AND THE SCARCITY OF NEW INVESTMENT. UNDER THESE CIRCUMSTANCES, WE DO NOT CONSIDER IT APPROPRIATE AT THIS TIME TO RESPOND FORMALLY OR DIRECTLY TO THE PRIME MINISTER. HOWEVER, TO GUIDE

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GOJ THINKING ALONG MORE REALISTIC LINES, IT WOULD BE

USEFUL TO REMIND THE GOJ OF SOME OF THE LIMITATIONS UPON  
USG FREEDOM OF ACTION TO RESPOND TO WHAT THE GOJ MAY  
EVENTUALLY PROPOSE. FOLLOWING IS WHAT WE INTEND TO SAY  
TO ANYONE AUTHORIZED TO BRING MATALON'S MESSAGE TO US,  
AND WE BELIEVE YOU SHOULD ALSO TAKE EARLY OPPORTUNITY TO  
MAKE SAME POINTS TO MATALON ON HIS RETURN, OR OTHER  
APPROPRIATE GOJ OFFICIAL.

2 A. GOJ SHOULD BE LEFT WITH THE UNDERSTANDING THAT,  
AS MATALON WAS UNABLE TO CALL AT THE DEPARTMENT, WE  
REGARD THE IDEAS BROACHED TO YOU AS ONLY A PRELIMINARY  
INDICATION OF GOJ THINKING.

2 B. YOU MAY INDICATE THAT USG HAS DEEP APPRECIATION  
FOR ECONOMIC PROBLEMS FACING JAMAICA AND WOULD BE PREPARED  
TO ENTER INTO FRIENDLY DIALOGUE HERE OR IN KINGSTON IN  
WHICH WE WOULD EXPLORE WHETHER THERE ARE POSSIBLE AVENUES  
FOR PROVIDING SOME ASSISTANCE. IT MUST BE BORNE IN MIND,  
HOWEVER, THAT US RESOURCES AVAILABLE FOR ANY KIND OF  
CONCESSIONARY FINANCING ARE EXTREMELY LIMITED AND, FOR  
THIS REASON AS WELL AS LEGISLATIVE REQUIREMENTS, PRIOR-  
ITY MUST BE GIVEN TO ASSISTING NATIONS WITH MUCH LOWER PER  
CAPITA INCOMES THAN JAMAICA. SPECIFIC PROPOSALS, SUCH AS  
FOR EXIM BANK CREDITS/GUARANTEES, WILL BE TAKEN UNDER  
CAREFUL CONSIDERATION. SUCH USG FINANCING, IF APPROVED,  
WOULD NOT LIKELY AGGREGATE MORE THAN A VERY SMALL FRAC-  
TION OF THE AMOUNT INDICATED IN REFTEL.

2 C. USG PLEASED TO NOTE GOJ SEEKS COOPERATIVE APPROACH  
TO INVESTMENT ISSUES, TRADE AND OTHER MATTERS. USG PRE-  
PARED TO DEAL WITH JAMAICA IN SAME SPIRIT OF COOPERATION.  
US HOPES THAT GOJ RECOGNIZES RATIONALE FOR USG POLICY,  
APPLIED WORLDWIDE, NOT TO LINK FINANCIAL MEASURES WITH  
SPECIFIC QUID-PRO-QUOS, SUCH AS SOME PARTICULAR FORM OF  
TREATMENT FOR US BAUXITE PRODUCERS. ISSUES OF BOTH KINDS  
MUST BE DECIDED ON THEIR OWN MERITS.

2 D. WE ASSUME GOJ IS CONSIDERING FURTHER APPROACHES TO  
IFI'S AND COMMERCIAL CREDIT MARKETS. THESE MAY IN FACT  
BE MORE PROMISING SOURCES THAN USG. IN THAT REGARD, WE  
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ARE INTERESTED IN THE MEASURES THE GOJ HAS IN MIND TO  
IMPROVE THE INVESTMENT CLIMATE AND ATTRACT A GREATER  
FLOW OF PRIVATE CAPITAL TO JAMAICA.

2 E. SHOULD GOJ SO DESIRE WE WOULD BE PLEASED TO PAR-  
TICIPATE IN GENERAL EXPLORATION OF ECONOMIC SUBJECTS WITH  
GOJ OFFICIALS AT PERHAPS THE DEPUTY ASSISTANT SECRETARY  
LEVEL. IT MIGHT, FOR EXAMPLE, BE BENEFICIAL FOR BOTH

COUNTRIES TO EXCHANGE VIEWS ON FEASIBILITY OF ESTABLISHMENT OF BAUXITE/ALUMINA/ALUMINUM PRODUCER/CONSUMER GROUP ALONG LINES SUGGESTED BY SECRETARY KISSINGER AT THE UN SEVENTH SPECIAL SESSION.

3. FYI: AN OBJECTIVE IN THE FOREGOING IS TO ELICIT MORE REALISTIC PROPOSALS, IF GOJ PURSUES MATTER. EXPLORATORY GOVERNMENT TO GOVERNMENT TALKS ON QUESTIONS OF TRADE, AID, AND INVESTMENT SHOULD NOT BE ALLOWED TO INTRUDE UPON THE GOJ/COMPANIES BAUXITE NEGOTIATIONS, AND WE SEE NO NEED FOR HASTE IN GETTING SUCH TALKS UNDER WAY. ONE OF THE PRIME CONSIDERATIONS IN DEALING WITH THE GOJ INITIATIVE IS TO AVOID ROCKING THE BAUXITE BOAT, SINCE AT THIS JUNCTURE THE SIGNING OF FINAL KAISER/GOJ AGREEMENTS IS A KEY ELEMENT IN STABILIZING THE BAUXITE SITUATION. IN THIS REGARD, WE WOULD APPRECIATE YOUR INDEPENDENT ASSESSMENT OF THE URGENCY OF GOJ FINANCIAL DIFFICULTIES. END FYI. KISSINGER

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